Modern Times Group MTG AB

Financial Results for
the first half year and second quarter
ended 30 June 2002

5 August 2002

"Sales, showmanship and cost control"

Sales, Showmanship and Cost Control

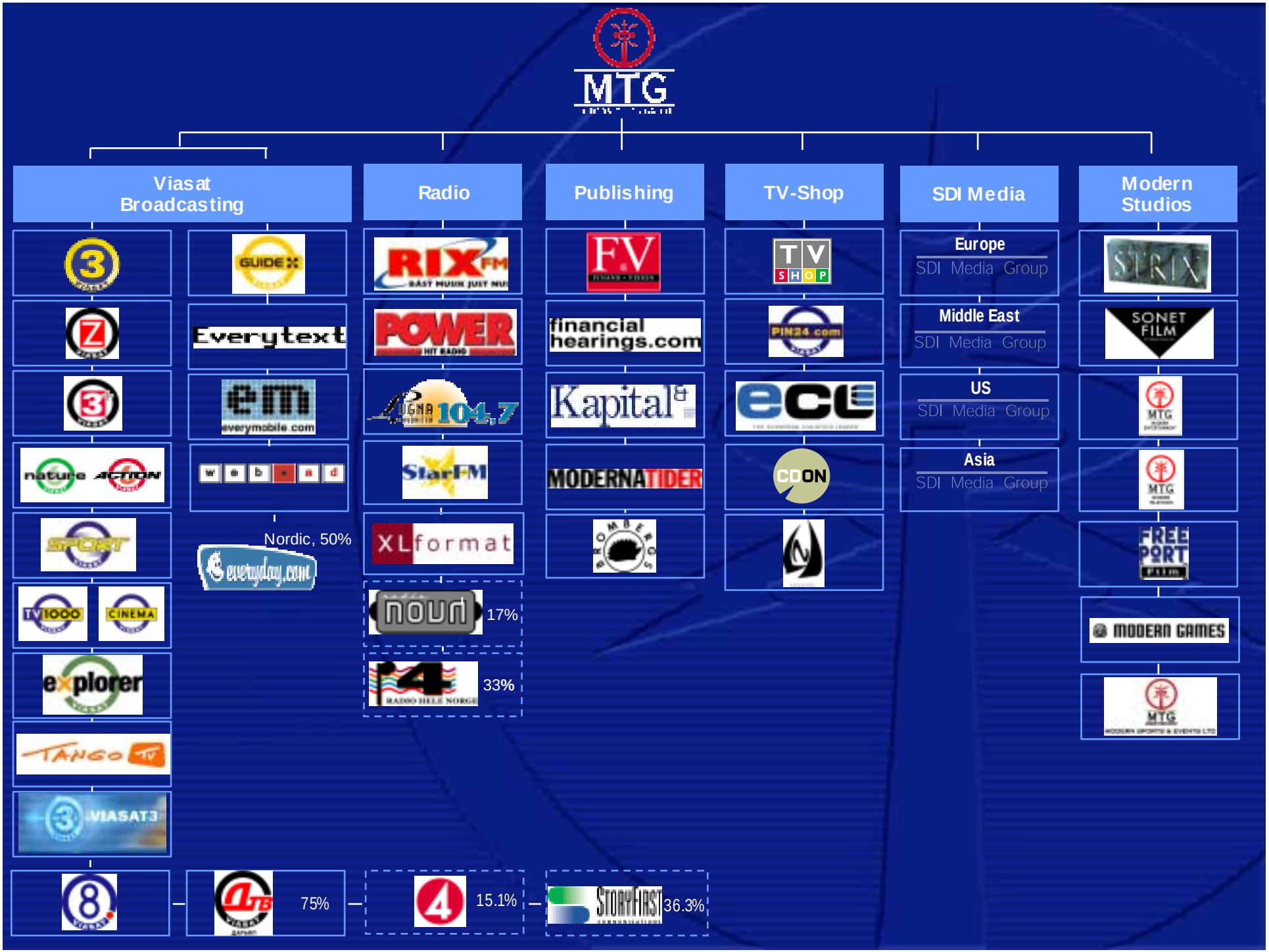
- Largest ‘Free to air’ TV operator in Nordic & Baltic region.
- 3rd largest DTH Pay-TV operator in Europe.
- Only profitable Pay-TV operator in Europe.
- Largest number of DTH TV subscribers in the Nordic region.
- Largest commercial radio operator in northern Europe.
- Global market leader in subtitling and dubbing.
- Leading international ‘Reality TV’ production house.

Operating Highlights
3 months ended 30 June 2002

- Net sales amounted to SEK 1,505 (1,627) million, due to weak advertsing markets.
- Operating income amounted to SEK 204 (115) million, including SEK 163 million capital gain from sale of 5% stake in TV4 AB and lower share of earnings from associated companies of SEK –16 (36) million.
- Pay TV operating income doubled to SEK 88 (45) million with increased number of digital subscibers and the number of Gold subscribers were stable.
- TV3 Baltics net sales up 39% quarter-on-quarter, and operating income amounted to SEK 11 (-4) million.
- The New Media business area profitable for the first time on a quarterly basis with an operating income of SEK 8 (-32) million.

Group Operating Results

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	1,505	1,627	2,922	3,135
EBIT from:				
Established Operations	84	117	159	229
New Investments	-27	-38	-68	-60
Associated Companies	-16	36	-30	12
Non-recurring items	163	-	163	-
Total EBIT	204	115	224	181


MTG
Viasat Broadcasting
Radio
Publishing
TV-Shop
SDI Media
Modern Studios
Everytext
everymobile.com
webead
Nordic, 50%
everyday.com
RIX FM
POWER
104.7
StarFM
XLformat
nova
17%
P4
33%
financial hearings.com
Kapital
MODERNATIDER
TV SHOP
PIN24.com
ecl
CDON
Europe
SDI Media Group
Middle East
SDI Media Group
US
SDI Media Group
Asia
SDI Media Group
SONET FILM
FREE PORT
MODERN GAMES
nature
ACTION
SPORT
TV1000
CINEMA
explorer
TANGO
VIASAT3
75%
15.1%
36.3%

Viasat Broadcasting
Operating Results

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	1,140	1,152	2,145	2,181
EBIT from:				
Established Operations	124	164	227	276
New Investments	-26	-34	-59	-55
Associated Companies *	1	43	-5	38
Non-recurring items	163	-	163	-
Total EBIT	262	173	326	259

* TV4 earnings are only consolidated as associated company income until May 13, 2002 due to 5% reduction in TV4 stake to 15,1%.

Viasat Broadcasting

Free-TV

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	654	728	1,200	1,342
Operating income	19	91	36	161

Geographical presence

Highlights

- TV3 Scandinavia revenues down in weak advertising markets.
- Organizational changes implemented and strong programming schedule lined up for the Fall.
- Focus on pan-Scandinavian 'own productions' in 2nd Half to lower cost and increase quality.
- Healthy growth in advertising revenues for Scandinavian niche channels, ZTV and 3+ .
- Successful launch of new channel – TangoTV in Lithuania.

Viasat Broadcasting
Free-TV

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	654	728	1,200	1,342
Operating income	19	91	36	161

Geographical presence

Highlights

- TV3 Estonia, Lithuania & Latvia sales up 39% and all Baltic operations profitable.
- Viasat3 Hungary increases CSOV to 2,6% (1,7 %) and revenues up to SEK 3 (1) million.
- DTV increases CSOV to 0,4% and revenues up to SEK 5 (0) million.
- SEK 14 million earnings contribution from profitable StoryFirst acquisition.

Viasat Broadcasting
Pay-TV

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	557	498	1,095	981
Operating income	88	45	147	72

Geographical presence

Highlights

- The Perfect Spring and The Final Countdown sales campaigns + additional marketing investment boosted gross subscriber intake.
- Churn substantially reduced in June and July following sucessfully implemented anti-churn measures.
- Q2 Premium Digital sub ARPU up 12% to SEK 718, total ARPU up 13% to SEK 388.
- Pay-TV EBIT doubled to SEK 88 million.
- Strong start for new Explorer and Viasat Sport Dk.

Viasat Broadcasting
Pay-TV

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	557	498	1,095	981
Operating income	88	45	147	72

Geographical presence

Highlights

- Direct sales increase to 50% of total in Sweden, 80% in Denmark and 25% in Norway.
- Installation service successfully launched in Denmark and Sweden.
- Wholesale revenues from sale of Viasat channels to 3rd party networks up 7% to SEK 254 million.
- TV1000 profitable for the third consecutive quarter.

Viasat Broadcasting
Subscriber development

Subscribers (000's)	Total Card Holders	Number of Digital subscribers	Digital 'Gold' package
Balance as at 30 Jun 2001	1,115	486	420
Balance as at 31 Mar 2002	1,078	559	425
Balance as at 30 Jun 2002	1,045	577	426

	Other 'Premium' Digital package	TV1000
Balance as at 30 Jun 2001	40	489
Balance as at 31 Mar 2002	34	492
Balance as at 30 Jun 2002	30	488

New Media

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	26	22	55	43
EBIT from:				
Established Operations	12	-7	21	-6
New Investments	0	-4	-6	-5
Associated Companies	-4	-21	-11	-37
Total EBIT	8	-32	4	-48

- Division reports profits for the first time on a quarterly basis.
- Everytext sales up 34% and EBIT and operating margin of 46%.
- Teletext services introduced on Canal 7 in Spain during the quarter and services now available on 14 Spanish TV-channels.
- Everyday.com further wound down during first half.

MTG Radio

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	44	38	76	68
EBIT from:				
Operations	-5	-2	-11	-3
Associated Companies	-12	8	-18	11
Total EBIT	-17	6	-29	8

Geographical presence

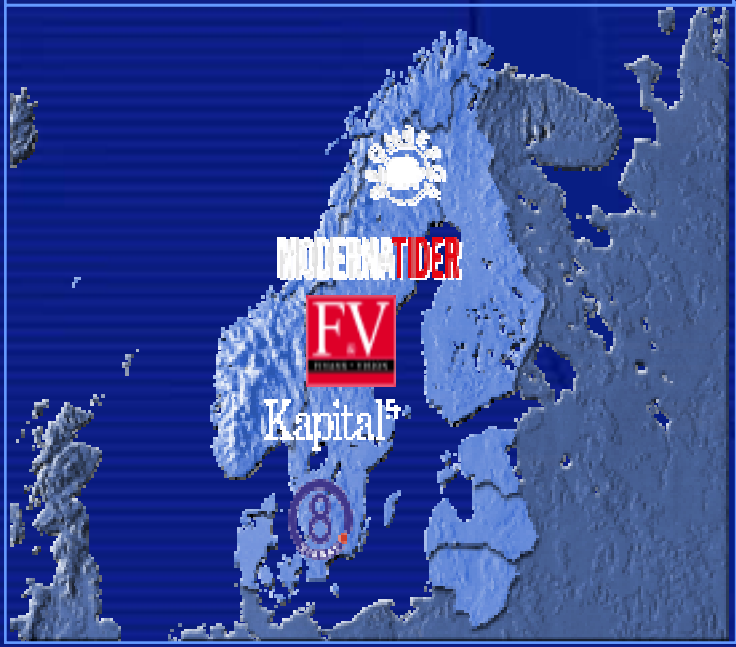
Highlights

- Swedish radio operations outperform market and increase market share.
- Baltic operations consolidated and profitable.
- Ownership or participation in # 1 national networks in Sweden, Norway and Finland as well as 2 largest stations in Stockholm.
- Strongly positioned for high incremental earnings contribution in recovering market.

MTG Publishing

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	26	47	70	94
EBITDA	-22	-12	-45	-21
EBIT	-24	-14	-50	-25

Geographical presence



Highlights

- Finans Vision now largest daily business newspaper in Stockholm with daily circulation of 65,000; distribution increases to include 100 company offices from August.
- 56% of daily circulation now distributed by hand in Stockholm city centre resulting in reduced cost base and improved reader targeting.
- Restructuring cost from the reorganisation of Finans Vision included in Q2.
- TV8 moved to Broadcasting division.

Modern Studios

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	137	152	274	324
EBIT from:				
Established Operations	6	17	15	37
New Investments	-2	0	-2	0
Total EBIT	4	17	13	37

- Strix TV impacted by lower sales of highly profitable rights options to international broadcasters – positive outlook for second half.
- The final episode of the Bar achieves 58% share of viewing in Greece or 85% of its main target group. In Poland the Bar clearly outperformed Big Brother.
- Co-production contracts secured for Harem and Robinson formats on leading Russian channels; 6th season of Robinson on Swedish public broadcaster in the Fall.
- Sonet – strong line-up for the fall with new films by 2 of Sweden's leading Directors; 'Livvakterna' movie sold to 11 countries.
- Modern Entertainment impacted by lower programme orders from major networks.

TV Shop

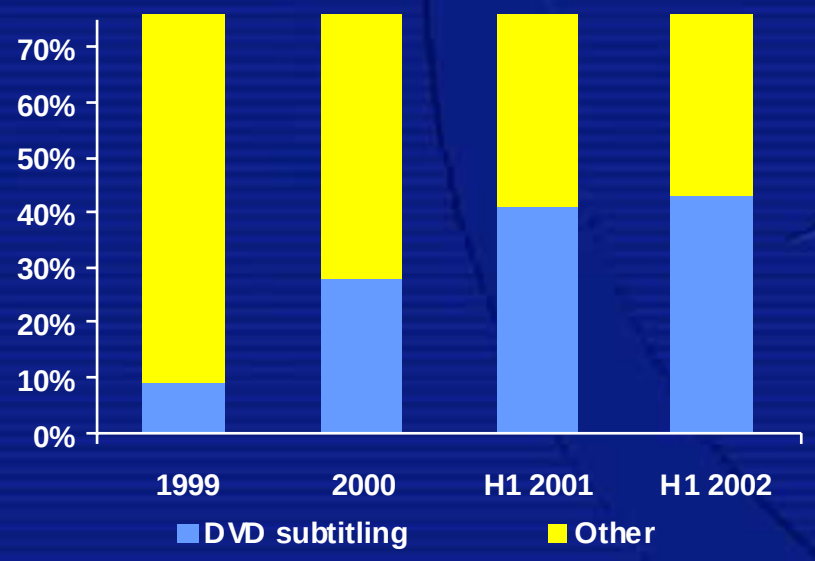
SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	152	188	323	400
EBITDA	9	-4	21	10
EBIT	4	-10	12	-1

- All companies within TV Shop profitable for second consecutive quarter.
- TV-Shop profitable through first half as a result of significantly reduced cost base and operational improvments.
- 59% growth in CDON sales and profitable in the last 12 months.
- During the quarter DVDON was succesfully launched, in order to capture market shares in the strongly growing DVD segment.

SDI Media

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Net Sales	102	96	192	179
EBITDA	18	11	30	20
EBIT	15	8	23	14

Revenue mix



Highlights

- Operating profit margin increased to 15% (8%).
- DVD subtitling revenues increased by 15% year-on-year to represent 43% of business area sales in Q2 and H1.
- New TV subtitling contract with Disney for Korea.
- Now primary vendor to Warner Bros for DVDs and videos in US and Latin American markets.
- Provided first fully integrated digital cinema subtitling of movie release for Star Wars:Episode II – Attack of the Clones.
- Continued dominance in global dubbing and subtitling markets.

Profit and Loss breakdown

SEK million	Q2 2002	Q2 2001	H1 2002	H1 2001
Established Operations				
Net Sales	1,467	1,616	2,859	3,120
EBIT	84	117	99	214
New Investments				
Net Sales	38	11	63	15
EBIT	-27	-38	-68	-60
Associated companies	-16	36	30	12
Capital Gain from sale of TV4 shares	163	-	163	-
Operating Profit	204	115	224	181
Net interest excl. unrealised exchange rate differences	-25	-16	-39	-17
Other financial items incl. unrealised currency gains/losses	-126	-14	-71	-41
PBT	53	85	114	123

Cash flow statement

(SEK '000s)	Q2 2002	Q2 2001	H1 2002
Cash flow from operations	177	93	265
Changes in W/C	-167	47	-253
Total cash from operations	10	140	12
Investments in shares in subsidiaries and associates	-220	-76	-281
Proceeds from sale of shares in associates	204	-	204
Other investments in shares and securities	-204	-	-204
Investments in other non-current assets	-17	-15	-44
Other cash flow from investing activities	33	48	33
Total cash from investing activities	-204	-43	-292
Total cash from financing	33	885	332
Net cash flow	-161	982	52

- Payment of SEK 60 million annual coupon on €120 million convertible.
- Amortisation of SEK 175 million of Deutsche Bank credit facility.

Balance Sheet

(SEK '000s)	30 Jun 2002	30 Jun 2001	31 Dec 2001
Liquid assets	**3,634**	**4,524**	**3,832**
Fixed assets	**3,235**	**2,955**	**3,109**
Total assets	**6,869**	**7,479**	**6,941**
Short-term liabilities	**2,838**	**3,255**	**3,338**
Long-term liabilities	**1,945**	**2,344**	**1,650**
Equity	**2,086**	**1,880**	**1,953**
Total liabilities	**6,869**	**7,479**	**6,941**

- Equity:assets ratio of 46% (44%)
- SEK 390 million surplus value of marketable assets – adjusted equity:assets ratio of 48% (51%)
- SEK 362 (828) million in liquid funds including undrawn down credit facilities

Outlook

- TV3 Scandinavia focus on programming schedule and CSOV as well as sales in Sweden and Norway.
- Pay-TV focus on anti-churn, anti-piracy and continued development of direct sales.
- Restructuring completed in FinansVision – focus on distribution and sales.
- Turnaround of unprofitable operations as proven with TV Shop, New Media and TV1000.
- Strongly positioned with profitable operations in future growth markets, Russia and Baltics, as well as highly profitable Pay- and Free-TV operations in Scandinavia.